

Trade Facilitation

Status

The 1996 Singapore Ministerial Declaration requested the Council for Trade in Goods “to undertake exploratory and analytical work, drawing on the work of other relevant international organizations, on the simplification of trade procedures in order to assess the scope for WTO rules in this area.” In 1999, the Council continued its work under this mandate, following up on the 1998 WTO Trade Facilitation Symposium by conducting several informal sessions that largely focused on issues related to customs and other administrative requirements pertaining to the movement of goods across borders. As part of this process, other WTO bodies also examined relevant aspects of various WTO Agreements and GATT Articles and provided reports to the Council.

Major Issues in 1999

In July 1999 the United States submitted to the General Council a proposal for launching WTO negotiations in the area of trade facilitation, with an objective of achieving an Agreement on the publication and administration of trade transactions, and on the formalities connected with importation and exportation. The U.S. proposal envisions strengthening and developing new WTO disciplines that focus on two key elements: (i) ensuring greater transparency in procedures for conducting trade transactions; and (ii) providing for increased efficiencies in how goods cross borders, such as through the rapid release of goods from the custody of customs administrations. At the core of future rule-making would be building upon relevant provisions of GATT Article VIII (“fees and formalities connected with importation and exportation”) and GATT Article X (“Publication and Administration of Trade Regulations”).

An important element of the U.S. proposal sets forth a new path for integrating work on capacity building into the negotiating process, through a concurrent process of developing the necessary technical assistance programs to ensure implementation of the results of the negotiations. This type of approach would include important preparatory work that would survey the trade facilitation environment in developing countries – particularly with regard to the important core elements related to transparency and efficiency – and also assess technical assistance needs. Moving forward in such a manner will provide an important opportunity for the WTO to work collaboratively with other International Organizations such as the World Bank, the International Monetary Fund, and UNCTAD, ensuring greater coherency and efficient use of resources.

Work for 2000

While a definite momentum developed in 1999 toward launching WTO negotiations in trade facilitation, a certain resistance also continued to be exhibited on the part of some developing country Members. In most cases this was based upon an unfortunate continuing perception that associated further WTO rule-making in this area as involving a traditional-type trade concession, rather than a “win-win” undertaking that would develop an overall rules-based framework for stimulating investment, production, and trade – particularly for developing country Members. The continuing WTO work in this area has made clear that, in an era of just-in-time manufacturing and distribution, a rules-based environment for conducting trade transactions is a necessity for securing continued growth in the economic output of all WTO Members. Small and medium size enterprises are particularly poised to take advantage of opportunities provided by today’s instant communications and ever-improving efficiencies in the movement of physical goods. These enterprises have thereby become important stakeholders in further WTO contributions to improving the Trade Facilitation environment. In addition, systemic rules-based reforms related to increased transparency and efficiency diminishes corruption, while also providing the benefit of enhancing administrative capabilities that

ensure effective compliance with customs-related requirements or laws concerning health, safety, and the environment.

The United States views further work in this area as ultimately leading to one of the most important systemic negotiations to be undertaken by the WTO. The United States will remain active to ensure the continuation of effective preparatory work, which includes ongoing complementary initiatives involving existing Agreements, such as with regard to implementation of the WTO Agreement on Customs Valuation. Important educative efforts will continue within the WTO, increasing the understanding of the important linkages between a rules-based trade transaction environment and a stable economic infrastructure. The United States will also be prepared to join with other Members in advancing an agenda that will begin to address capacity building issues in this area, particularly by undertaking an examination of administrative systems and measures related to providing transparency and the rapid release of goods, in order to identify potential technical assistance programs that would be developed in conjunction with planning for implementation as part of overall negotiations.